

**STATE OF DELAWARE
DEFERRED COMPENSATION PROGRAM
CATCH-UP INFORMATION**

A change in federal legislation has increased the maximum annual contribution that employees may make to their 457 plan. The legislation also increased the amount an employee may defer in the 3 taxable years prior to the employee's attainment of "Normal Retirement Age". "Normal Retirement Age" under the State's plan means the age designated by the employee that begins at the earlier of age 65 or the age at which the employee has the right to retire and receive an immediate pension without actuarial reduction, under the State's retirement plan applicable to the employee and ending at age 70 ½. As you approach the date that would be 4 or 5 years from your earliest retirement age, you may wish to consider whether you will want to retire and defer additional amounts for the purpose of recapturing unused prior-year deferrals. Additional recapture deferrals may equal any amount up to the current year limit.

The new recapture provision deferral limits are:

		<u>Deferred Savings</u>		<u>Catch-up</u>
2009	\$33,000	\$16,500	plus	\$16,500

A separate provision of the law provides another opportunity for "catch-up" when a participant is age 50 or older. This alternative catch-up cannot be used during any year in which the 457 recapture provision outlined above is used. Dollar limits for alternative catch-up contributions are:

2009	\$5,500
------	---------

State of Delaware employees' who will meet the qualifications for a service pension listed below, are eligible to make a one-time election to use the 3-year recapture option for the 3 taxable years ending prior to the year in which the employee attains normal retirement age and intends to retire. To initiate this option please complete the certification below and the attached Catch-up Calculation Worksheet. Please retain a copy of these documents for your files. Return completed originals to:

Office of the State Treasurer
Attention: Josh Hitchens
820 Silver Lake Blvd, Suite 100
Dover, DE 19904

Determining Eligibility

1. State of Delaware merit or merit comparable system and school district employees are eligible for a service pension beginning the month after they leave employment if:
 - they are at least 62 years of age and have at least five years of state service
 - they are at least 60 years of age and have at least 15 years of state service
 - they have 30 years of state service
2. Members of the Delaware State Police are eligible for a service pension beginning the month after they leave employment if:
 - they are 62 years of age with at least ten years of credited service
 - their age plus years of credited service (at least 10 years of service) equals 75
 - they have 20 years of credited service
 - they have 10 years of credited service and must retire due to age (55 years old)
3. Members of the Delaware Judiciary are eligible to receive a pension if:
 - they have completed 12 years of service as a judge and they are age 62
 - they have completed 24 years of service as a judge
 - they have been involuntarily retired after having served 22 years as a judge

Certification of Eligibility

As a: _____ State of Delaware merit or merit comparable
system employee
_____ State of Delaware school district employee
_____ Delaware State Police employee
_____ Member of the Delaware Judiciary

I certify that I am eligible to invoke the recapture provision for tax years _____, _____, and _____. My date of birth is _____ and I have completed _____ years of State of Delaware service. I designate _____ as my Normal Retirement Age and further certify that I understand that the election to use the catch-up provision is a one-time option for a period of not more than three consecutive calendar years and may only be used once per employer. Verification of unused prior year deductions is attached.

Signature

Date

Completed forms must be submitted to the Office of the State Treasurer at the address provided. Please contact Josh Hitchens at 302-672-6733 to manage your deferred compensation and catch-up deductions.